

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF CALIFORNIA

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In re:

LILLIAN MEYER TRAPSE SISAYAN  
and ISAGANI MALLARI SISAYAN,

Debtors,

RELiance COMMUNITY, INC., et  
al.,

Appellants,

v.

DIGNITY HEALTH, et al.,

Appellees.

No. 2:23-cv-01785 WBS

Bankr. No. 21-22496

ORDER REMANDING CASE

Adversary No. 23-02027-C

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Appellants brought certain claims against appellees in an adversary proceeding related to debtors' bankruptcy proceedings. The Bankruptcy Court denied in part appellants' motion to remand to state court their claims against appellees, and appellants then appealed to this court.

1           The Bankruptcy Court has since filed an indicative  
2     ruling under Federal Rule of Bankruptcy Procedure 8008. (Docket  
3     No. 19.) In the indicative ruling, the Bankruptcy Court states,  
4     among other things, that the Chapter 7 discharge of the debtors  
5     on February 23, 2024 "materially alters the context of the remand  
6     issue," and the bankruptcy court is now prepared to order remand  
7     of the entire action, with the exception of a counterclaim  
8     alleging a violation of the automatic bankruptcy stay.

9           While appellants take issue of certain aspects of the  
10    bankruptcy court's indicative ruling, they do not appear to take  
11    issue with the bankruptcy court's authority to issue an  
12    indicative ruling or this court's authority to remand the case in  
13    light of a bankruptcy court's indicative ruling. (See Docket No.  
14    20.) Appellants also do not dispute that the discharge of the  
15    debtors has materially altered the nature of the adversary  
16    proceeding and do not dispute that the claims should be remanded  
17    to state court -- the very relief they originally requested.

18          Even assuming this court has the authority to address  
19    the new circumstance of debtors' discharge in the first instance,  
20    this court declines to do so and will remand the case for further  
21    proceedings on appellants' motion to remand to state court. This  
22    court expresses no opinion as to appellants' arguments as to the  
23    indicative ruling and notes that they remain free to raise such  
24    arguments with the bankruptcy court on remand.

25          IT IS THEREFORE ORDERED that this case be, and the same  
26    hereby is, REMANDED to the Bankruptcy Court for further  
27    proceedings in light of debtors' discharge. Pursuant to Federal  
28    Rule of Bankruptcy Procedure 8008, this court retains

jurisdiction over this appeal. The parties shall promptly notify this court when the bankruptcy court decides appellants' motion to remand.

Dated: August 22, 2024



WILLIAM B. SHUBB

UNITED STATES DISTRICT JUDGE